



Will Gas Shortage Trump New Power Plant Plans?

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High natural gas prices are causing large industrial consumers to squawk to Congress about gas-fired power plants. Two trade groups have sent letters to congressional energy leaders suggesting there may not be enough gas to go around, and coal is a viable option for power generation. Privately, some industrial groups are even discussing proposing a moratorium on new gas-fired generation.

The American Chemistry Council represents most large chemical firms, which use gas as a feedstock as well as for energy. ACC writes that "as the largest industrial consumer of natural gas in the United States, the business of chemistry has been severely affected by the steep increases in natural gas prices. In fact, future prices for natural gas are currently up more than 130 percent from last year and are the highest since April 2001. Most experts believe that these increases are driven by increased demand for natural gas and falling levels of domestic production. Faced with these trends, it is now more important than ever that Congress look for ways to promote abundant and diversified sources of domestic energy, including natural gas, coal, oil, nuclear and cost-competitive renewable resources."

Another squawk comes from the Industrial Energy Consumers of America, whose members range from Dow Corning to Coors Brewing. IECA argues that "it is particularly critical that Congress and the states act quickly to stem the national energy crisis by enacting legislation that provides a robust, diverse and affordable supply of energy. It is particularly critical that Congress and the states act to increase the supply of natural gas; and address regulations, such as New Source Review, in a manner that makes it easier for power generators to meet air quality standards without switching from coal to natural gas."

The ACC is even more pointed, saying, "Our nation must rely on its natural resource strengths. Certainly our most obvious natural resource strength is abundant coal. Congress and the administration must advance development of electric power production from clean coal technologies. We cannot, as a nation, walk away from such an obvious choice for energy self-reliance and should take all reasonable measures to advance its use."

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